

## Message Text

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12  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

TRSE-00 /066 W  
----- 087105

R 101505Z NOV 75  
FM AMEMBASSY PRAGUE  
TO SECSTATE WASHDC 9143  
INFO USDOC WASHDC  
AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY LONDON  
AMEMBASSY MOSCOW  
AMEMBASSY MUNICH  
AMEMBASSY SOFIA  
AMEMBASSY VIENNA  
AMEMBASSY WARSAW  
USNATO 778

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COMMERCE FOR BEWT/EEAD

E.O. 11652: N/A  
TAGS: EALR, ECON, CZ  
SUBJECT: STROUGAL ON PRICES

REFS: A. PRAGUE 2975, OF DEC. 4, 1974  
B. PRAGUE 2528, OF OCT. 9, 1974

1. IN AN ADDRESS CENTERING PRINCIPALLY ON CSCE AND ITS AFTER  
EFFECTS DELIVERED NOVEMBER 6 BEFORE A PRAGUE RALLY OF WORKING  
PEOPLE MARKING 58TH ANNIVERSARY OF RUSSAIN REVOLUTION, PRIME  
MINISTER LUBOMIR STROUGAL ALSO TOUCHED BRIEFLY ON THE ECONOMY  
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AT END OF SPEECH.

2. REFERRING TO "VARIOUS HOSTILE (RADIO) STATIONS AND NEWSPAPERS (WHICH) NOW AND AGAIN FABRICATE SO-CALLED RELIABLE STORIES ABOUT WHAT IS GOING TO HAPPEN TO (CZECHOSLOVAKIA'S) LIVING STANDARDS AND RETAIL PRICES AFTER NEW YEAR'S DAY," STROUGAL STATED THAT HE COULD "CALMLY" DECLARE THAT THE ONLY THING THAT IS GOING TO CHANGE HERE IN THIS AREA AFTER JANUARY 1 (1976) WILL BE A RAISE IN PENSIONS UNDER A NEW SOCIAL SECURITY ACT "WHICH WILL BENEFIT" MILLIONS OF NATION'S CITIZENS. FURTHERMORE, ACCORDING TO PRIME MINISTER, INCOMES FROM WORK (WAGES) AND OVERALL STANDARD OF LIVING WILL CONTINUE TO RISE IN COMING YEAR.

3. COMMENT: GIVEN GENERALLY ACCEPTED RUMORS FLOATING AMONG PRAGUE DIPLOMATS AND, WE PRESUME, AMONG LARGE SEGMENTS OF POPULACE AS WELL, TO EFFECT THAT RETAIL PRICES IN SEVERAL COMMODITY SECTORS WILL RISE IN 1976 -- RUMORS BASED LARGELY ON HUSAK'S STATEMENT EARLIER THIS YEAR THAT GOVERNMENT WAS FIRMLY COMMITTED TO MAINTAINING "GENERAL LEVEL OF RETAIL PRICES" UNTIL END OF 1975 -- WE FIND STROUGAL'S REMARKS SURPRISING TO SAY THE LEAST. WE CALCULATE THAT OVERALL SUBSIDIES TO STATE PRODUCTION UNITS ARE CURRENTLY RUNNING WELL OVER 30 PERCENT OF FEDERAL BUDGET IN ORDER TO KEEP PRICES TO CONSUMER GENERALLY STABLE. IT WOULD SEEM TO US THAT AFTER THIS SPEECH, ANY PRICE RISES WILL TAKE SOME EXPLAINING: MOST CZECHS AND SLOVAKS WILL READ STROUGAL'S REMARKS TO MEAN THAT RISES ARE NOT IN THE OFFING.  
PERRY

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## Message Attributes

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